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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

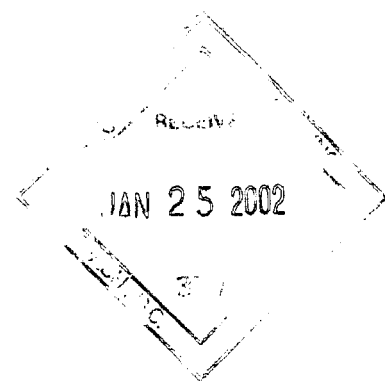
Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the Month of January 2002

ECTEL LTD.

(Exact name of Registrant as specified in its charter)

18 Hasivim Street • Petah Tikva 15730 • ISRAEL
(Address of Principal Corporate Offices)



PROCESSED

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**THOMSON
FINANCIAL**

Indicate by check mark whether the registrant files or will file annual reports under cover
Form 20-F or Form 40-F

Form 20-F X Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this
Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b)
under the Securities Exchange Act of 1934

Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with
Rule 12g3-2(b):

Attached hereto and incorporated by reference herein is the registrant's Fourth Quarter and 2001 Year-End Earnings Results.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ECTEL LTD.
(Registrant)

By: 

Ernest S. Wechsler for Avi Goldstein,
pursuant to authorization

Dated: January 24, 2002

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ECTEL LTD.
(Registrant)

By: /s/ Ernest Wechsler
Ernest S. Wechsler for Avi Goldstein,
pursuant to authorization

Dated: January 24, 2002



ECTEL REPORTS STRONG FOURTH QUARTER & YEAR END 2001 RESULTS

Net income, gross margins and revenues for year 2001 rise 37%, 38% and 35% respectively

Petah Tikva, Israel – January 23, 2002 – ECTel Ltd. (NASDAQ: ECTX), a leading developer and worldwide provider of fraud prevention, Quality of Service (QoS) management, interconnect billing support and network surveillance solutions for today's and Next Generation Networks, today reported operating results for the fourth quarter and full year ended December 31, 2001.

Fourth Quarter 2001 Highlights	Q4 2001 \$'000	Q4 2000 \$'000	Quarterly Change
Revenues	22,276	16,905	32%
Gross Profit	13,114	9,605	37%
Net Income ⁽¹⁾	3,674	3,225	14%
Diluted EPS ⁽¹⁾	0.20	0.19	5%
 Year 2001 Highlights	 Year 2001 \$'000	 Year 2000 \$'000	 Annual Change
Revenues	80,598	59,735	35%
Gross Profit	46,783	33,793	38%
Net Income ⁽¹⁾	15,129	11,009	37%
Diluted EPS ⁽¹⁾	0.85	0.64	33%

(1) Excluding stock-based compensation and a one time write-off reflected in "in process R&D costs"

Revenues for the fourth quarter ended December 31, 2001 rose 32% to \$22.3 million from \$16.9 million in the fourth quarter of 2000. Gross profit in the fourth quarter increased by 37% to \$13.1 million compared with \$9.6 million for the same period last year, after giving effect to reclassification of royalties to the Office of the Chief Scientist from sales and marketing expenses to cost of sales, in accordance with guidelines set forth in a recent SEC release. This reclassification was also applied to previous periods.

Operating income for the fourth quarter of 2001 (excluding stock-based compensation and a one time write-off reflected in "in process R&D costs") increased by 6% to \$3.3 million, compared with \$3.1 million in the same period last year. Fourth quarter 2001 figures reflect, for the first time, consolidation of NetEye's numbers in ECtel's results. Stock-based compensation was \$417,000 compared with \$603,000 for the fourth quarter of 2000. Net income (excluding stock-based compensation and the one time write-off reflected in "in process R&D costs") advanced by 14% to \$3.7 million or \$0.20 per fully diluted share, up from \$3.2 million or \$0.19 per fully diluted share for the corresponding quarter of 2000.

The one time write-off in the amount of \$916,000, reflected in "in process R&D costs", was incurred with relation to the acquisition of NetEye, reported in October 2001. There will be no further write-offs relating to "in process R&D costs" in respect to the NetEye acquisition.

Total revenues for the year ended December 31, 2001 increased by 35% to \$80.6 million compared with \$59.7 million for the year ended December 31, 2000. Gross profit for the year was \$46.8 million compared with \$33.8 million for the prior year, after giving effect to reclassification of royalties to Chief Scientist from sales and marketing expenses to cost of sales. Operating income (excluding stock-based compensation and the one time write-off reflected in "in process R&D costs") increased by 31% to \$14.2 million compared with \$10.8 million in 2000. Stock-based compensation for the year ended December 31, 2001 was \$2.4 million compared with \$2.6 million for the year ended December 31, 2000. Net income (excluding stock-based compensation and the one time write-off reflected in "in process R&D costs") in 2001 rose 37% to \$15.1 million or \$0.85 per fully diluted share, compared with \$11.0 million or \$0.64 per fully diluted share for 2000.

Goodwill arising from the acquisition of NetEye was \$16.3 million. According to the new FAS-B rules, goodwill is no longer amortized on a straight-line basis but instead needs to be tested for impairment at least once a year.

Aharon Shech, President and CEO of ECtel said: "We are pleased with our fourth quarter and year end results, which support the fact that worldwide demand for ECtel's technologies and products is strong and consistent, even in the current situation of the telecom market. Over the past year, additional major telecom service providers joined our global customer base, which already includes many of the world's leading blue-chip telecom service providers, such as US Sprint, Deutsche Telecom, British Telecom, MCI Worldcom, the Telefonica Group, Cable & Wireless, Qwest Communications, China Telecom and Korea Telecom, to name a few."

Shech continued: "In 2001, we pursued our strategy to address the fraud and security issues associated with the coming wave of Next Generation Networks (NGN) – the networks of the future. This approach is part of our commitment to always recognize the dynamic evolution of the networks environment and to position ECtel as the leader in these growing markets. A major contributor to these efforts was ECtel's acquisition, in August 2001, of NetEye. NetEye brings to ECtel valuable state-of-the-art real-time fraud management technologies, developed specifically for Next Generation Networks."

"As part of our commitment to meet the dynamic market requirements, ECtel has also focused on development and marketing of its TCP/IP monitoring and network surveillance solutions for law enforcement and governmental agencies. We believe that the recent heightened interest in our government systems solutions will continue well into 2002."

Highlights for the Fourth Quarter:

We continued to experience strong sales of ECtel's FraudView™ solution this quarter. In October 2001, we announced the signing of a five-year frame agreement with Cable & Wireless for the implementation of ECtel's fraud prevention solutions for its affiliates, followed by initial orders of more than \$7 million. An additional order was received from another C&W affiliate this quarter, this time from Companhia de Telecomunicacoes de Macau S.A.R.L. (CTM).

Follow on orders received from existing customers this quarter demonstrate their trust in our products and confirm that our "one platform – multiple applications" approach meets their wide-ranging needs. One such example is the order for FraudView™ from SwissCom, Switzerland's leading telecommunications provider, an established customer of ECtel's Quality of Service management products.

A considerable part of this quarter's orders were purchases of our monitoring and network surveillance solutions by law enforcement and governmental agencies. Growth in this segment reflects the worldwide increased focus on intelligence gathering and security issues.

The acquisition of NetEye was successfully completed during the quarter. Integration of NetEye's technologies with our proprietary fraud detection, prevention and management solutions, created NGN FraudView™. Launched yesterday, NGN FraudView™ is the Company's advanced end-to-end NextGen fraud prevention and security management solution, designed specifically for telecommunications service providers' IP-based and Next Generation Networks.

Mr. Shech concluded, "We believe that ECtel's extensive product lines, persistent market penetration strategy, impressive sales accomplishments and strong financial position in 2001 will enable the company to remain the acknowledged leader in its targeted markets."

ECtel management cordially invites you to participate in our interactive conference call on Wednesday, January 23, 2002 at 10:00 am ET; 9:00 am CT; and 7:00 am PT.

If you wish to participate, please call the conference center approximately 10 minutes prior to conference time. We invite you to dial:

In the United States:	(888)273-9889
In Israel:	1-800-262-424
In the United Kingdom:	0-800-169-9043
In Germany:	0-800-180-2235
All Other International Callers:	++1-(612) 332-0523

A digitalized replay of the teleconference will be available from 1:30 pm ET January 23, 2002 through 11:59 pm ET January 30, 2002. Please dial

In the United States:	(800) 475-6701	Access Code: 623371
In Israel:	03-925-5932	Access Code: 4334
All Other International Callers:	++1-(320) 365-3844	Access Code: 623371

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Notes:

ECtel Ltd.

As the leader in networks monitoring technology, ECtel Ltd. (NASDAQ: ECTX) develops and markets solutions that enable telecommunications and internet service providers to monitor the Quality of Service and SLA over voice, data, cellular, VOIP and Next Generation Networks; to detect and prevent complicated fraud scenario's such as subscription, roaming and technical fraud; and, to perform Billing Verifications.

ECtel develops and deploys proprietary state-of-the-art hardware and software technologies in the areas of SS7 signaling and IP traffic monitoring and analysis, as well as algorithms for data management and analysis, such as rule based engine, profiling and data mining. These technologies are incorporated in one platform, which hosts ECtel's multiple applications.

For more information on ECtel, we invite you to visit our web site at <http://www.ectel.com>.

Certain statements contained in this release contain forward-looking information with respect to plans, projections or future performance of the Company, the occurrence of which involves certain risks and uncertainties, including, but not limited to, product and market acceptance risks, the impact of competitive pricing, product development, commercialization and technological difficulties and other risks detailed in the Company's filings with the Securities and Exchange Commission.

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Contacts:

Contacts:

ECtel Ltd.

Avi Goldstein
Senior Vice President and CFO
Tel: 972-3-926-3030
Fax: 972-3-926-3111
Email: avig@ectel.com

ECtel Ltd.

Chris Denis
Investor Relations Coordinator
Tel: 954-351-4492
Fax: 954-351-4306
Email: chris.denis@ectel.com

ECtel Ltd.
Consolidated Statements of Income
\$ in thousands except per share amounts

	<u>Year ended December 31,</u>		<u>Three months ended December 31,</u>	
	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>
	<u>Audited</u>		<u>unaudited</u>	
Revenues	59,735	80,598	16,905	22,276
Cost of revenues	24,903	32,600	6,882	8,962
Royalties to Chief Scientist (*)	(*) <u>1,039</u>	<u>1,215</u>	(*) <u>418</u>	<u>200</u>
Gross profit	(*) 33,793	46,783	(*) 9,605	13,114
Research and development costs, net	8,047	10,986	2,362	3,510
Selling and marketing expenses (*)	(*) 11,051	15,098	(*) 3,012	4,328
General and administrative expenses	3,721	6,468	1,117	1,972
Goodwill amortization	142	-	-	-
In process research and developments costs	-	916	-	916
Stock-based compensation	<u>2,649</u>	<u>2,435</u>	<u>603</u>	<u>417</u>
Operating income	8,183	10,880	2,511	1,971
Financial income, net	(1,861)	(1,023)	(497)	(194)
Other expenses (income), net	<u>189</u>	<u>36</u>	<u>182</u>	<u>(2)</u>
Income before taxes on income	9,855	11,867	2,826	2,167
Taxes on income (tax benefit)	<u>1,310</u>	<u>(103)</u>	<u>162</u>	<u>(191)</u>
Net income before cumulative effect of change in accounting principles	8,545	11,970	2,664	2,358
Cumulative effect of change in accounting principles	<u>-</u>	<u>34</u>	<u>-</u>	<u>-</u>
Net income	<u>8,545</u>	<u>11,936</u>	<u>2,664</u>	<u>2,358</u>
Basic earnings per share	<u>0.53</u>	<u>0.72</u>	<u>0.16</u>	<u>0.13</u>
Number of shares outstanding used to compute basic earnings per share	<u>16,144,473</u>	<u>16,652,509</u>	<u>16,253,358</u>	<u>17,505,493</u>
Diluted earnings per share	<u>0.49</u>	<u>0.67</u>	<u>0.15</u>	<u>0.13</u>
Weighted average number of shares outstanding used to compute diluted earnings per share	<u>17,291,382</u>	<u>17,838,633</u>	<u>17,289,472</u>	<u>18,743,175</u>

(*) Royalties to Chief Scientist were reclassified from sales and marketing expenses to the cost of sales

Adjusted net income	<u>11,009</u>	<u>15,129</u>	<u>3,225</u>	<u>3,674</u>
Adjusted basic earnings per share	<u>0.68</u>	<u>0.91</u>	<u>0.20</u>	<u>0.21</u>
Adjusted diluted earnings per share	<u>0.64</u>	<u>0.85</u>	<u>0.19</u>	<u>0.20</u>

Note: The above presentation of adjusted net income and adjusted net earnings per share (basic or diluted)

has been adjusted to exclude non-cash charges for stock-based compensation and one time write-off of research & development costs.

Neither adjusted net income nor adjusted earnings per share (basic or diluted)

is a measurement of financial performance under generally accepted accounting principles.

ECtel Ltd.
Consolidated Balance Sheets
\$ in thousands

	December 31,	
	2000	2001
	audited	
Assets		
Current assets:		
Cash and cash equivalents	41,735	40,525
Receivables:		
Trade	22,210	38,894
Other	1,345	2,227
Parent and fellow subsidiary companies	1,597	-
Recoverable costs and estimated earnings, not yet billed	6,535	9,316
Inventories	5,417	6,909
Total current assets	78,839	97,871
Long-term deposits and receivables, net of current maturities	2,752	3,607
Property, plant and equipment		
Cost	7,152	9,193
Less - accumulated depreciation	2,869	4,136
	4,283	5,057
Goodwill	-	16,348
Other assets	8	1,290
Total assets	85,882	124,173

ECtel Ltd.
Consolidated Balance Sheets
\$ in thousands

	December 31,	
	2000	2001
	Audited	
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables	4,682	2,805
Parent and fellow subsidiary companies	-	2,246
Other payables and accrued liabilities	13,172	20,574
Total current liabilities	17,854	25,625
Long-term liabilities:		
Liability for employee severance benefits, net	677	867
Total liabilities	18,531	26,492
Shareholders' equity :		
Share capital	196	209
Capital surplus	52,384	70,765
Retained earnings	14,771	26,707
	67,351	97,681
Total Liabilities and shareholders' equity	85,882	124,173